



**Office of Audit Services**  
P.O. Box 942701  
Sacramento, CA 94229-2701  
Telecommunications Device for the Deaf - (916) 795-3240  
(916) 795-0900, FAX (916) 795-4023

March 18, 2008

## **AGENDA ITEM 5**

### **TO: MEMBERS OF THE FINANCE COMMITTEE**

- I. SUBJECT:** Draft Stand Alone Audit Report on the CalPERS Managed Investment Option, S&P 500, of the State Savings Plus Deferred Compensation Program for the Year Ended June 30, 2007, and the Period July 1, 2007 through August 7, 2007.
- II. PROGRAM:** Audit Services
- III. RECOMMENDATION:**
- 1) Staff requests the Finance Committee recommend to the Board of Administration acceptance of Management's draft financial statements for the S&P 500 investment option managed by CalPERS for the State Savings Plus Program, as audited by Macias Gini & O'Connell, LLP, for the Year ended June 30, 2007, and the Period July 1, 2007 through August 7, 2007.
  - 2) Staff requests the Finance Committee approve forwarding the final audit report on the S&P 500 investment option managed by CalPERS for the State Savings Plus Program to State Controller's Office, the Bureau of State Audits, and the Department of Personnel Administration.
- IV. ANALYSIS:**

CalPERS is responsible for managing the contributions received from the State Savings Plus Program in the S&P 500 Fund investment option. The Department of Personnel Administration terminated the S&P 500 Fund on August 7, 2007 as an investment option. This audit covers the Fund financial activities for the year ended June 30, 2007 and for the period July 1, 2007 through August 7, 2007.

CalPERS' Fiscal Services and Supplemental Income Plans staff compiled the draft financial statements and prepared management's discussion and analysis of the information. These financial statements are the responsibility of CalPERS' Management. The external auditor is responsible for expressing an opinion on the presentation of Management's financial statements.

The Board of Administration's independent auditor, Macias Gini & O'Connell, LLP, audited the financial statements (Attachment A), expressed an unqualified opinion, and does not have Management Letter comments for this audit.

Once accepted by the Board of Administration, staff will forward copies of the final signed audit report to the Board of Administration, State Controller's Office, the Bureau of State Audits, the Department of Personnel Administration and other pertinent agencies.

**V. STRATEGIC PLAN:**

This item is not a specific product of the Strategic Plan, but is a part of the ongoing work of the Office of Audit Services.

**VI. RESULTS/COSTS:**

This item helps to fulfill the Board of Administration's responsibility for an annual audit under Section 20228 of the California Government Code.

Representatives of CalPERS' Fiscal Services and Macias Gini & O'Connell, LLP are available to present an overview of the financial statement and answer questions of the Committee members.

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Larry Jensen, Chief  
Office of Audit Services

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Peter H. Mixon  
General Counsel

Attachment

**AGENDA ITEM 5**

**ATTACHMENT A**

**DRAFT FINANCIAL STATEMENTS**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM—  
MANAGED S&P 500 INVESTMENT OPTION FOR THE  
STATE OF CALIFORNIA SAVINGS PLUS PROGRAM,  
DEPARTMENT OF PERSONNEL ADMINISTRATION,  
STATE OF CALIFORNIA**